

## AN ACT

To repeal sections 50.1000, 50.1060, and 50.1250, RSMo, and to enact in lieu thereof three new sections relating to county retirement systems.

---

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI, AS FOLLOWS:

Section A. Sections 50.1000, 50.1060, and 50.1250, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 50.1000, 50.1060, and 50.1250, to read as follows:

50.1000. As used in sections 50.1000 to 50.1300, the following words and terms mean:

(1) "Annuity", annual payments, made in equal monthly installments, to a retired member from funds provided for in, or authorized by, the provisions of sections 50.1000 to 50.1300;

(2) "Average final compensation", the monthly average of the two highest years of annual compensation received by the member;

(3) "Board of directors" or "board", the board of directors established by the provisions of sections 50.1000 to 50.1300;

(4) "Compensation", all salary and other compensation payable to a county employee for personal services rendered as a county employee, but not including travel and mileage reimbursement, and not including compensation in excess of the

limit imposed by 26 U.S.C. 401(a)(17);

(5) "County", each county in the state, except any city not within a county and counties of the first classification with a charter form of government;

(6) "Creditable service", a member's period of employment as an employee, including the member's prior service, except as provided in sections 50.1090 and 50.1140;

(7) "Effective date of the establishment of the system", August 28, 1994, the date the retirement system was established;

(8) "Employee", any county elective or appointive officer or employee who is hired and fired by the county or by the circuit court located in a county of the first classification without a charter form of government which is not participating in LAGERS, whose work and responsibilities are directed and controlled by the county or by the circuit court located in a county of the first classification without a charter form of government which is not participating in LAGERS, who is compensated directly from county funds, and whose position requires the actual performance of duties during not less than one thousand hours per year, except county prosecuting attorneys covered pursuant to sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri state retirement system and county sheriffs covered pursuant to sections 57.949 to 57.997, RSMo, in each county of the state,

except for any city not within a county and any county of the first classification having a charter form of government;

(9) "LAGERS", the local government employees' retirement system presently codified at sections 70.600 to 70.755, RSMo;

(10) "Primary Social Security amount", the old age insurance benefit pursuant to Section 202 of the Social Security Act (42 U.S.C. 402) payable to a member at age sixty-two. The primary Social Security amount shall be determined pursuant to the Social Security Act as in effect at the time the employee's normal annuity pursuant to section 50.1060 is determined. Such determination shall be at the time that creditable service ends without assuming any future increases in compensation, any future increases in the taxable wage base, any changes in the formulas used pursuant to the Social Security Act, or any future increases in the consumer price index. However, it shall be assumed that the employee will continue to receive compensation at the same rate as that received at the time the determination is being made, until the member reaches age sixty-two. Only compensation with respect to creditable service as a county employee shall be considered, and the first year of compensation as a county employee shall be regressed at three percent per year with respect to years prior to the period of creditable service;

(11) "Prior service", service of a member rendered prior to August 28, 1994, the effective date of the establishment of the

system;

(12) "Required beginning date", the April first of the calendar year following the later of the calendar year in which the member reaches age seventy and one-half, or the calendar year in which the member retires;

(13) "Retirement fund" or "fund", the funds held by the county employees' retirement system;

(14) "Retirement system" or "system", the county employees' retirement system authorized by the provisions of sections 50.1000 to 50.1300;

(15) "Target replacement ratio":

(a) Eighty percent, if a member's average final compensation is [thirty] thirty-six thousand dollars or less;

(b) Seventy-seven percent, if a member's average final compensation is [forty] forty-eight thousand dollars or less, but greater than [thirty] thirty-six thousand dollars;

(c) Seventy-two percent, if a member's average final compensation is [fifty] sixty thousand dollars or less, but greater than [forty] forty-eight thousand dollars;

(d) Seventy percent, if a member's average final compensation is greater than [fifty] sixty thousand dollars.

50.1060. 1. The normal annuity of a retired member who is not a member of LAGERS shall be a monthly benefit equal to the greater of:

(1) [Twenty-four] Twenty-nine dollars multiplied by years of creditable service, up to a maximum of twenty-five years; or

(2) An amount determined according to the formula: the target replacement ratio applicable to the member times the member's average final compensation minus the member's monthly primary Social Security amount and that times the member's years of creditable service, up to a maximum of twenty-five years, divided by twenty-five or  $((TRR \times AFC) - PSSA) \times (CS \text{ divided by } 25)$ .

2. The normal annuity of a retired member who is also a member of LAGERS shall be sixty-six and two-thirds percent of the normal annuity determined pursuant to subsection 1 of this section.

3. As provided in subsection 1 of section 50.1150, the normal annuity of a member shall not be less than the annuity the member had earned as of the day before January 1, 2000, under the terms of the retirement system in effect on that date.

4. The board may recommend to the general assembly adjustments to the formulas described in this section, provided:

(1) The recommended adjustment to the formula is actuarially feasible; and

(2) The adjustment does not reduce the annuity a member had earned as of the date of the adjustment; provided, however, that the provisions of section 50.1010 apply and the board is

authorized to apportion benefits if funds are not available to pay accrued benefits.

50.1250. 1. If a member has less than five years of creditable service upon termination of employment, the member shall forfeit the portion of his or her defined contribution account attributable to board matching contributions or county matching contributions pursuant to section 50.1230. The proceeds of such forfeiture shall be applied towards matching contributions made by the board for the calendar year in which the forfeiture occurs. If the board does not approve a matching contribution, then forfeitures shall revert to the county employees' retirement fund. The proceeds of such forfeiture with respect to county matching contributions shall be applied toward matching contributions made by the respective county in accordance with rules prescribed by the board.

2. A member shall be eligible to receive a distribution of the member's defined contribution account [as soon as administratively feasible following termination of employment, or may choose to receive the account balance at a later time, but no later than his or her required beginning date. The member's account balance shall be paid in a single sum] in such form selected by the member as permitted under and in accordance with the rules and regulations formulated and adopted by the board from time to time, and commencing as soon as administratively

feasible following separation from service, unless the member elects to receive the account balance at a later time, but no later than his or her required beginning date. Notwithstanding the forgoing, if the value of a member's defined contribution account balance is five thousand dollars or less at the time of the member's separation from service, without respect to any board matching contributions or employer matching service, then his or her defined contribution account shall be distributed to the member in a single sum as soon as administratively feasible following his or her separation from service. The amount of the distribution shall be the amount determined as of the valuation date described in section 50.1240, if the member has at least five years of creditable service. If the member has less than five years of creditable service upon his or her [termination of employment] separation from service, then the amount of the distribution shall equal the portion of the member's defined contribution account attributable to the member's seed contributions pursuant to section 50.1220, if any, determined as of the valuation date.

3. If the member dies before receiving the member's account balance, the member's designated beneficiary shall receive the member's defined contribution account balance, as determined as of the immediately preceding valuation date, in a single sum. The member's beneficiary shall be his or her spouse, if married,

or his or her estate, if not married, unless the member designates an alternative beneficiary in accordance with procedures established by the board.